

ST MICHAEL'S HOSPICE
(incorporating The Freda Pearce Foundation)

REPORT AND ACCOUNTS

31 MARCH 2001

Company No. 1634942
Charity Registration No. 511179



ST MICHAEL'S HOSPICE
(incorporating The Freda Pearce Foundation)

LEGAL AND ADMINISTRATIVE INFORMATION

31 March 2001

CHARITY NAME: St Michael's Hospice (incorporating the Freda Pearce Foundation)

GOVERNING INSTRUMENT: The Charity is a company limited by guarantee and not having a share capital. It is governed by its Memorandum and Articles of Association dated 12 May 1982, as amended on 2 November 1998.

REGISTERED CHARITY NUMBER: 511179

COMPANY NUMBER: 1634942

MEMBERS: The subscribers to the Memorandum of Association and such other persons elected by the Board of Directors shall be admitted to membership. The maximum number of members may be determined by the Board of Directors from time to time.

DIRECTORS: The first directors were the Chairman and Legal Adviser of the Freda Pearce Foundation. The Board of Directors has power to appoint any member to be a director, subject to re-election at the next Annual General Meeting. The Board may also co-opt up to two members as directors for such period as the Board may determine.

REGISTERED OFFICE: St Michael's Hospice
Bartestree
Hereford
HR1 4HA

CHAIRMAN: Reverend Prebendary C Attwood

DEPUTY CHAIRMAN: Mr B A Evans

VICE CHAIRMAN: Mrs S Jones

CHAIRMAN OF FINANCE COMMITTEE: Mr R D Gates FCA

ST MICHAEL'S HOSPICE
(incorporating The Freda Pearce Foundation)

LEGAL AND ADMINISTRATIVE INFORMATION

31 March 2001

OTHER DIRECTORS:

Sir Simon Gourlay (resigned 25 September 2000)
Mrs L O Barnett
Mr G M Bulmer
Mrs B N Eastaugh
Mrs E S Griffiths
Mr P E Harling
Mr P S Hill
Dr J J Kramer
Dr R G Miller
Mr J S Robinson (appointed 5 February 2001)
Mr G B Nairn (appointed 16 February 2001)
Mr R F Whittall

COMPANY SECRETARY:

Mrs E P Drew

BANKERS:

The Royal Bank of Scotland PLC
21 Broad Street
Hereford
HR4 9AP

National Westminster Bank PLC
12 Broad Street
Hereford
HR4 9AH

CAFCash Limited
Kings Hill
West Mallong
Kent
ME19 4TA

SOLICITORS:

Gabb and Co.
25 King Street
Hereford
HR4 9BX

AUDITORS:

HLB Kidsons
Elgar House
Holmer Road
Hereford
HR4 9SF

ST MICHAEL'S HOSPICE
(incorporating The Freda Pearce Foundation)

DIRECTORS' REPORT

31 March 2001

The directors present to the members their report and the audited accounts for the year ended 31 March 2001.

Objects

The company is a charitable foundation whose principal activity is the establishment of the St. Michael's Hospice for the care and treatment of the sick. Income is also derived from donations and investments.

To meet its charitable objects, the company applies its resources to the employment of professionally qualified and unqualified staff to provide physical and emotional care to people living in Herefordshire and its surrounding areas who are suffering from a terminal illness. It also supports those who provide the care. The care is provided at the company's main premises, St Michael's Hospice, Bartestree, which it owns and maintains, and at specified locations in the county of Herefordshire.

Results

The results for the year are shown in the Statement of Financial Activities on page 9. The company is not empowered to pay dividends.

Review of the activities

The year 2000/01 has been mainly one of consolidation, following two years of significant restructuring and change throughout St Michael's Hospice. However, the year was not uneventful by any means.

Although the numerical levels of patient activity have not changed much in recent years, the condition of many of the patients for whom we now care is much more acute, requiring a significantly higher level of expertise and more concentrated care. This has increased the emotional pressure on all those involved in patient care and it says much for the quality of our staff and volunteer supporters that they have coped well, in the main, and morale remains high.

During the year, a total of 398 people were referred to the Hospice. There were 140 discharges and 182 deaths. Average length of stay in the in-patient unit was 13.4 days. Through the day hospice at Bartestree and the satellite day hospices at Leominster, Bromyard and Ross-on-Wye Community Hospitals, there were 1,136 attendances.

We continue to support the Herefordshire Directorate of Palliative Care in developing and implementing the strategic plan for palliative care in the county. This activity has increased in significance, following the announcement during the year of the setting up of cancer networks throughout the country to improve care for cancer patients. As part of the Three Counties Cancer Network, the Herefordshire Directorate will play a key role in improving the range of services in the area.

At the same time, we have continued with our policy of raising the profile of St Michael's Hospice nationally by releasing our staff to contribute to the national debates. Our Chief Executive, Walter Brooks, and our Head of Nursing, Jane Mason, act as regional representatives of the National Council for Hospices and Specialist Palliative Care Services, and of the independent Hospices Representative Committee of Help the Hospices, respectively. During the year, I was also elected to the position of regional chairman of the Forum of Hospice Chairmen, enabling us jointly to ensure that the voice of St Michael's Hospice is heard through a number of channels.

ST MICHAEL'S HOSPICE
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DIRECTORS' REPORT

31 March 2001

(continued)

Our education services continued to develop with more than 30 courses being run during the year. Many of these were outreach events at GP surgeries and other care centres. A number of our courses are accredited modules for use within degree programmes. To cope with the increased demand, we took on another member of staff. Debbie Smithers is a Registered General Nurse with a teaching certificate and joins our Head of Education as part-time Teacher Practitioner.

In fund raising, the significant event of the year was the launch of our weekly lottery. Although it grew more slowly than forecast, it has, nevertheless, proved successful. Launched in mid-June, by the end of the year, playing membership had passed 3,000 per week and the lottery had produced a profit of nearly £33,000.

Our legacy income, however, was below expectations, emphasising once more the need to recognise its unreliability as a source of income. Nevertheless, it was compensated for by the magnificent support that we received from individuals, groups and commercial organisations in our communities. Without their support, we could not have continued to grow as we have done.

I would also like to take this opportunity to register our sincere appreciation of the support that we receive from our colleagues in the NHS in all its forms, but particularly from those in the Hereford Hospitals NHS Trust, the Herefordshire Primary Care Trust and the Herefordshire Community Hospitals NHS Trust (now incorporated into the Herefordshire PCT). At a time of fundamental change for them they continued to offer unwavering support for the Hospice.

Finally, I would like to pass on our thanks to the many volunteers who give their time to help to run this very special place, and to our paid staff, whose professional approach and expertise helps to ensure that the standards of care here are of the highest quality. My thanks also go to my fellow directors who give their time – often in considerable amounts – to support the staff and me.

Organisation of the company

The Board of Directors has set up a number of committees to oversee the day-to-day operations. They are:-

1. Executive Committee

Monitors the work of the committees and of the Chief Executive.

2. Patient Care Committee

Monitors the work of the patient care teams.

3. Personnel Education & Training Committee

Monitors the personnel management function and the work of the education team in providing education and training services to staff and others involved in providing palliative care services.

4. Support Services Committee

Monitors the management of the hospice facilities, including catering, cleaning, administration and volunteer support.

ST MICHAEL'S HOSPICE
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DIRECTORS' REPORT

31 March 2001

(continued)

5. Finance Committee

Monitors financial activity against budget forecasts.

6. Investment Committee

Monitors the performance of the investment portfolio and of the investment managers and recommends to the Board any changes in investment and reserves policies.

7. Fund Raising & Events Committee

Monitors all fund raising activity and press and public relations activity.

The Executive Committee meets monthly. All other committees meet quarterly, as does the Board of Directors.

The company relies heavily on the support of volunteers, about 400 of whom are involved in the work of the company in various ways.

Future developments

St Michael's Hospice is part of the palliative care service for Herefordshire and, as such, is committed to the strategic development of services for those coping with a terminal illness. To this end, it has played an active part in the development of the Herefordshire Directorate of Palliative Care.

Under the strategic plan for palliative care in Herefordshire, the St Michael's Hospice site at Bartestree has been identified as the future centre for palliative care services. The plan is in its early stages of development, but it is expected that, within the next three to five years, the Bartestree site will be further developed to provide accommodation for the additional services envisaged in the plan.

Reserves

In the opinion of the directors, the company's charitable funds are adequate and available to meet its obligations.

The Company holds reserves to ensure that it can sustain its palliative care services in a way that meets the needs of the communities that it serves. Because of the condition of those for whom it cares, it is essential that its short to medium-term future is secure. The directors have, therefore, agreed the following Reserves Policy.

A sum equal to between twelve and twenty-four months operating costs will be held as a reserve.

At the end of each financial year, any surplus to this reserves strategy should be set aside as Designated Funds for the future development of St Michael's Hospice. These funds should be held with maximum flexibility.

ST MICHAEL'S HOSPICE
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DIRECTORS' REPORT

31 March 2001

(continued)

The St Michael's Hospice budget should include the costs of strategic and operational plans for the development of the St Michael's Hospice palliative care service.

The Trust funds are currently held as to 13% in gilts, 66% in equities and 21% in cash.

Tax status

The company has obtained exemption from taxation by virtue of Section 505 of the Income and Corporation Taxes Act 1988.

Auditors

HLB Kidsons have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the Board

S. J. Jones.

8th January 2002.

ST MICHAEL'S HOSPICE
(incorporating The Freda Pearce Foundation)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

31 March 2001

We are required under company and charity law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company, and of the net movement in funds of the company for that period.

In preparing these accounts we are required to:

select suitable accounting policies and apply them consistently

make reasonable and prudent judgements and estimates

prepare the accounts on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

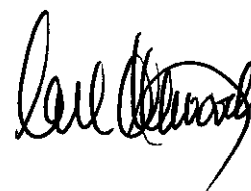
keeping proper accounting records

safeguarding the company's assets

taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

Reverend Prebendary C Attwood
Director



8th January 2002.

ST MICHAEL'S HOSPICE
(Incorporating The Freda Pearce Foundation)

AUDITORS' REPORT

**Auditors' report to the members of
St Michael's Hospice**

We have audited the accounts on pages 9 to 23 which have been prepared under the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described on page 7 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2001 and of its net movement in funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hereford

10 January 2002



HLB Kidsons
Registered Auditors
Chartered Accountants

ST MICHAEL'S HOSPICE
(incorporating The Freda Pearce Foundation)

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2001

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2001 £	Total Funds 2000 £
Income and expenditure					
Incoming resources					
Donations and gifts		304,228	115,483	419,711	209,200
Grants from Health Authorities and Social Services		230,160	-	230,160	229,998
Interest receivable		18,551	-	18,551	38,570
Other income		16,185	-	16,185	11,107
Support groups		52,015	-	52,015	50,317
Legacies		287,805	-	287,805	414,636
Gross income from shops	2	311,913	-	311,913	279,142
Covenants and Gift aid		74,303	-	74,303	73,817
Lottery income		127,949	-	127,949	-
Grants from grant making trusts		108,600	-	108,600	125,044
Investment income		57,553	-	57,553	51,612
Total incoming resources		1,589,262	115,483	1,704,745	1,483,443
Resources expended					
Direct charitable expenditure	3	1,181,744	1,815	1,183,559	1,034,210
Fundraising and publicity	4	186,443	-	186,443	77,519
Management and administration of the charity	5	159,328	-	159,328	154,911
Shop expenditure	2	144,223	-	144,223	153,246
Total resources expended	6	1,671,738	1,815	1,673,553	1,419,886
Net (outgoing)/incoming resources for the year		(82,476)	113,668	31,192	63,557
Other recognised gains and losses					
(Losses) on investments					
Unrealised	9	(130,943)	-	(130,943)	(23,944)
Realised		-	-	-	(106,470)
Net movement in funds		(213,419)	113,668	(99,751)	(66,857)
Balances brought forward at 1 April 2000		3,546,497	586,694	4,133,191	1,575,347
Transfer between funds	14	568,521	(568,521)	-	-
Transfer on merger with St Michael's Hospice Development Trust	12	-	-	-	2,624,701
Balances carried forward at 31 March 2001	15	3,901,599	131,841	4,033,440	4,133,191

The notes on pages 12 to 23 form part of these accounts.

The above results were derived from continuing operations. All gains and losses in the year are included above. The surplus for the year for Companies Act purposes comprises the net incoming/(outgoing) resources for the year plus realised gains/(losses) on investments and was £31,192 (2000: loss of £42,913).

ST MICHAEL'S HOSPICE
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BALANCE SHEET

at 31 March 2001

	Note	31 March 2001		31 March 2000	
		£	£	£	£
Fixed assets					
Tangible fixed assets	8		2,067,996		2,092,558
Investments	9		1,672,582		1,803,525
			<hr/>		<hr/>
			3,740,578		3,896,083
Current assets					
Stocks		5,643		7,664	
Debtors	10	51,908		40,007	
Short term deposits		406,495		322,785	
Cash at bank and in hand		24,310		8,724	
		<hr/>		<hr/>	
		488,356		379,180	
Liabilities: amounts falling due within one year	11	(195,494)		(142,072)	
		<hr/>		<hr/>	
Net current assets			292,862		237,108
			<hr/>		<hr/>
Total assets less current liabilities			4,033,440		4,133,191
			<hr/>		<hr/>
Net assets			4,033,440		4,133,191
			<hr/> <hr/>		<hr/> <hr/>
Funds					
Unrestricted	12		3,901,599		3,546,497
Restricted	13		131,841		586,694
			<hr/>		<hr/>
Total funds	15		4,033,440		4,133,191
			<hr/> <hr/>		<hr/> <hr/>

The accounts on pages 9 to 23 were approved by the board of directors
on 8 January 2002 and are signed on its behalf by

S. G. Jones.

Director

ST MICHAEL'S HOSPICE
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CASH FLOW STATEMENT

for the year ended 31 March 2001

	2001		2000
	£	£	£
Net cash inflow/(outflow) from operating activities	15,371		(4,943)
Returns on investments and servicing of finance			
Interest received	18,551		38,590
Investment income	57,553		51,612
	<hr/>		<hr/>
	91,475		84,259
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(42,253)		(491,480)
Receipts from sale of fixed assets	2,200		-
	<hr/>		<hr/>
	(40,053)		(491,480)
Financing			
Repayment of Regional Health Authority loan	-		(55,000)
	<hr/>		<hr/>
Increase/(decrease) in cash	51,422		(461,221)
	<hr/> <hr/>		<hr/> <hr/>

Further information is shown in note 17.

ST MICHAEL'S HOSPICE
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NOTES ON ACCOUNTS

31 March 2001

1 Principal accounting policies

Basis of accounting

The accounts have been prepared in accordance with the Statement of Recommended Practice - Accounting by Charities and under the historical cost accounting rules except for investments and freehold property which are stated at valuation with subsequent additions at cost. Realised gains or losses arising on the disposal of items stated at valuation are determined by reference to the difference between the valuation and the sale proceeds. Unrealised gains or losses are determined by the movement in the market valuations at the beginning of the year (plus the cost of additions) and the market valuations at the balance sheet date.

Depreciation

Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost or valuation less any residual value at the following rates:

Freehold land and buildings	See below
Leasehold improvements	Over the period of the lease
Medical and nursing equipment and beds	33 1/3%
Motor vehicles	20%
Other equipment, fixtures, furnishings and fixtures	20%
Computer equipment (purchased after 1 April 2000)	33 1/3%
Shop equipment	25%

The policy of the board of directors has been to carry out a programme of maintenance and repairs upon its freehold buildings, the cost of which is charged to the Statement of Financial Activities. In the opinion of the directors the useful economic life of the freehold buildings is in excess of 50 years and that the programme of maintenance and repairs holds the residual value at a level such that a depreciation charge would not be material.

Furnishings, crockery and linen are not depreciated but their replacements are charged to repairs and renewals.

Pension scheme - defined contribution scheme

The company contributes to the NHS pension scheme and to the pension schemes of individual employees. Such contributions are a fixed percentage of salary. Contributions are charged to the profit and loss account in accordance with the rules of the schemes.

Stocks and donated goods

Income from goods donated for resale in the Hospice shops is accounted for in the year in which the goods are sold. No value is placed on any stock of donated goods. Other stocks are valued at the lower of cost and net realisable value.

Investments

Investments are stated at market value, calculated as follows:-

UK Equities	Middle of the quotation from Stock Exchange daily official list.
Unit Trusts	Bid price.
Others	As valued by investment managers.

ST MICHAEL'S HOSPICE
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NOTES ON ACCOUNTS

31 March 2001

(continued)

1 Principal accounting policies (continued)

Income

Income is accounted for in the year in which it is receivable. Income relating to tax claims for donations made net of tax relief is accounted for in the year in which the donation was received.

Donated investments are accounted for at market value at the date the donation became receivable.

Resources expended

Fund-raising and publicity and administration costs comprise the direct costs incurred and attributable overheads.

Operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

Funds

Unrestricted funds are those available for use at the discretion of the trustees in furtherance of the general objectives of the company and which have not been designated for any other purpose.

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for a specific purpose. The notes to the accounts provide further details.

ST MICHAEL'S HOSPICE
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NOTES TO THE FINANCIAL STATEMENTS

31 March 2001
(continued)

2 Incoming Resources
Shop Income and Expenditure

	Ross 2001 £	Hereford 2001 £	Bromyard 2001 £	Ledbury 2001 £	Leominster 2001 £	Malvern 2001 £	Hereford Cattle Market 2001 £	Kington 2001 £	Tenbury Wells 2001 £	Presteigne 2001 £	Total 2001 £	Total 2000 £
Takings	42,893	66,805	24,066	44,227	28,364	53,725	11,028	7,400	4,650	3,446	286,604	254,491
Less:												
Direct costs												
Purchases	647	746	607	738	333	576	-	-	-	208	3,855	3,995
Insurance	167	1,600	-	932	-	-	-	-	-	-	2,699	2,152
Light and heat	895	1,355	451	622	491	845	638	346	-	40	5,683	4,902
Repairs and renewals	100	282	99	276	206	720	110	315	1,066	146	3,320	6,989
Rent	10,010	23,000	3,960	10,998	4,000	11,750	4,334	1,000	1,492	1,040	71,584	59,323
Rates and water	211	87	181	100	275	1,665	-	-	-	-	2,519	2,386
Telephone	204	206	268	177	307	224	240	82	41	69	1,818	1,711
Depreciation	179	1,950	-	792	474	3,084	1,851	-	-	-	8,330	8,330
Legal and professional fees	-	-	80	-	-	-	-	-	985	803	1,868	3,715
Sundries	356	455	217	506	352	512	83	158	214	212	3,065	4,357
Contribution	30,124	37,124	18,203	29,086	21,926	34,349	3,772	5,499	852	928	181,863	156,631
(carried forward)												

ST MICHAEL'S HOSPICE
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NOTES ON ACCOUNTS

31 March 2001

(continued)

2 Incoming Resources	£	2001 £	2000 £
Shop Income and Expenditure (continued)			
Contribution (brought forward)		181,863	156,631
Unallocated Income (including Hospice Direct)			
Takings		25,309	24,651
		<hr/>	<hr/>
		207,172	181,282
Unallocated Expenses			
Bank charges	3,543		3,529
Salaries and expenses	15,134		31,170
Motor and travel expenses	3,383		6,701
Purchases	17,422		13,986
	<hr/>		<hr/>
		(39,482)	(55,386)
		<hr/>	<hr/>
Net income from shops		167,690	125,896
		<hr/> <hr/>	<hr/> <hr/>

Total income derived from shop operations was £311,913 (2000: £279,142).

ST MICHAEL'S HOSPICE
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NOTES ON ACCOUNTS

31 March 2001

(continued)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2001 £	Total Funds 2000 £
3 Direct charitable expenditure				
Provision of hospice services:				
Nursing services	715,989	-	715,989	648,412
Medical care services	158,721	1,815	160,536	160,874
Physiotherapy	30,306	-	30,306	12,180
Social work	75,889	-	75,889	52,487
Support costs:				
Support services	149,610	-	149,610	124,409
Staff training	51,229	-	51,229	35,848
	<hr/>	<hr/>	<hr/>	<hr/>
	1,181,744	1,815	1,183,559	1,034,210
	<hr/>	<hr/>	<hr/>	<hr/>
4 Fundraising and publicity				
Salaries and office costs	90,749	-	90,749	52,197
Lottery expenses	77,925	-	77,925	-
Fundraising general expenses	9,736	-	9,736	14,972
Travel and training	2,367	-	2,367	1,157
Advertising and publicity	5,667	-	5,667	9,193
	<hr/>	<hr/>	<hr/>	<hr/>
	186,444	-	186,444	77,519
	<hr/>	<hr/>	<hr/>	<hr/>
5 Management and administration of the charity				
Salaries and office costs	143,998	-	143,998	136,888
Legal and professional fees	1,512	-	1,512	3,977
Audit fees	4,889	-	4,889	4,464
Costs of meetings, travel and training	5,577	-	5,577	6,368
NHS payroll administration	3,352	-	3,352	3,214
	<hr/>	<hr/>	<hr/>	<hr/>
	159,328	-	159,328	154,911
	<hr/>	<hr/>	<hr/>	<hr/>

ST MICHAEL'S HOSPICE
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NOTES ON ACCOUNTS

31 March 2001

(continued)

6 Total resources expended

	Staff Costs £	Depreciation £	Other Costs £	Total 2001 £	Total 2000 £
Fundraising and publicity	81,779	3,970	100,694	186,443	77,519
Hospice services	997,611	48,431	137,517	1,183,559	1,034,210
Management and administration of the charity	137,914	6,084	15,330	159,328	154,911
Shop expenditure	15,134	8,330	120,759	144,223	153,246
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,232,438	66,815	374,300	1,673,553	1,419,886
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

	2001 £	2000 £
Staff costs:		
Wages and salaries	1,115,746	968,317
Social security costs	80,704	68,822
Pension costs	35,988	23,164
	<hr/>	<hr/>
	1,232,438	1,060,303
	<hr/>	<hr/>
Other costs:		
Premises	11,756	13,831
Nursing supplies	5,665	6,488
Food	26,414	20,502
Domestic supplies and laundry	19,008	16,329
Miscellaneous	95,003	99,628
Fundraising expenses	95,695	25,322
Shop expenditure	120,759	113,746
	<hr/>	<hr/>
	374,300	295,846
	<hr/>	<hr/>

The average number of employees, analysed by function, was:	2001	2000
Hospice services	61	64
Fundraising and publicity	6	4
Management and administration of the charity	8	8
	<hr/>	<hr/>
	<u>75</u>	<u>76</u>

ST MICHAEL'S HOSPICE
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NOTES ON ACCOUNTS

31 March 2001

(continued)

6 Total resources expended (continued)

	2001	2000
Employees earning over £40,000		
£40,000 - £49,999	1	1
	=	=

The directors have received no remuneration or reimbursement of expenses during the year.

Pension costs

Defined contribution scheme

The company contributes to the NHS pension scheme and to the pension schemes of individual employees. The assets of these schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £35,988 (2000: £23,164). Contributions totalling £5,096 (2000: £7,708) were payable to the funds at the year end and are included in liabilities.

7 Net movement in funds	2001 £	2000 £
Net movement in funds is stated after charging:		
Staff costs (Note 6)	1,232,438	1,060,303
	<u> </u>	<u> </u>
Auditors' remuneration	4,889	4,464
	<u> </u>	<u> </u>
Operating leases		
- Land and buildings	71,584	59,323
	<u> </u>	<u> </u>
Depreciation of tangible fixed assets		
- Owned assets	66,815	63,737
	<u> </u>	<u> </u>

ST MICHAEL'S HOSPICE
(incorporating The Freda Pearce Foundation)

NOTES ON ACCOUNTS

31 March 2001

(continued)

8 Tangible fixed assets

	Freehold Land and Buildings £	Medical and Nursing Equipment and Beds £	Other Equipment Fixtures Furnishings and Fittings £	Motor Vehicles £	Leasehold Property £	Total £
Cost or valuation						
at 1 April 2000	1,948,641	88,437	227,441	19,557	24,558	2,308,634
Additions	2,336	18,215	15,162	6,540	-	42,253
Disposals	-	-	-	(2,444)	-	(2,444)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
at 31 March 2001	1,950,977	106,652	242,603	23,653	24,558	2,348,443
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation						
at 1 April 2000	4,540	65,697	124,416	13,093	8,330	216,076
Charge for year	4,539	11,791	33,514	8,641	8,330	66,815
Eliminated on disposal	-	-	-	(2,444)	-	(2,444)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 March 2001	9,079	77,488	157,930	19,290	16,660	280,447
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book values						
at 31 March 2001	1,941,898	29,164	84,673	4,363	7,898	2,067,996
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
at 31 March 2000	1,944,101	22,740	103,025	6,464	16,228	2,092,558
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Historical cost of freehold land and buildings included at a valuation						705,768
						<hr/>

The freehold land and buildings were valued, as at 31 March 1996, by Messrs. Stooke, Hill and Walshe, Chartered Surveyors. The company has adopted the transitional provisions of Financial Reporting Standard 15.

All fixed assets were used for direct charitable purposes, with the exception of certain equipment included in Other Equipment, Fixtures, Furnishings and Fittings with a net book value at 31 March 2001 of £47,491 (2000: £67,099). These were used in part in the management and administration of the charity, and in part for fundraising and publicity.

	2001 £	2000 £
Future capital commitments		
Hire purchase contracts	<u>Nil</u>	<u>Nil</u>
Other contracts	<u>Nil</u>	<u>Nil</u>

ST MICHAEL'S HOSPICE
(incorporating The Freda Pearce Foundation)

NOTES ON ACCOUNTS

31 March 2001

(continued)

9 Investments	2001 £	2000 £
Quoted investments:		
Market value 31 March 2000	1,803,535	-
Transfer from St Michael's Hospice Development Trust at market value	-	1,835,392
Donations	-	98,547
Net realised investment loss on change of investment manager	-	(106,470)
Net unrealised investment loss	(130,943)	(23,944)
	<hr/>	<hr/>
Market value 31 March 2001	1,672,582	1,803,525
	<hr/>	<hr/>
Market value at date of transfer from St. Michael's Hospice Development Trust	1,835,392	1,835,392
	<hr/>	<hr/>

The historical cost of the investments at the date of transfer from St. Michael's Hospice Development Trust amounted to £1,291,742.

At the balance sheet date, 84% of the market value of investments were held in the CAF Balanced Growth Fund and 16% were held in the CAF Income Fund.

10 Debtors: amounts falling due within one year	2001 £	2000 £
Trade debtors	14,307	14,805
Other debtors	12,918	8,912
Prepayments and accrued income	24,683	16,290
	<hr/>	<hr/>
	51,908	40,007
	<hr/>	<hr/>
 11 Liabilities: amounts falling due within one year		
Bank overdraft	47,874	-
Trade creditors	46,013	77,852
Other taxation and social security	28,434	21,962
Other creditors	4,871	2,857
Accruals and deferred income	68,302	39,401
	<hr/>	<hr/>
	195,494	142,072
	<hr/>	<hr/>

ST MICHAEL'S HOSPICE
(Incorporating The Freda Pearce Foundation)

NOTES ON ACCOUNTS

31 March 2001

(continued)

12	Unrestricted funds	£
	1 April 2000	3,546,497
	Net movement in funds for the year	(213,419)
	Transfer between funds	568,521
		<hr/>
	31 March 2001	3,901,599
		<hr/> <hr/>

On 1 April 1999 all assets and reserves were transferred from St Michael's Hospice Development Trust to St Michael's Hospice on the merger of the two charities.

13	Restricted funds	Balance 1 April 2000 £	Incoming Resources £	Expenditure and Transfers £	Balance 31 March 2001 £
	Day hospice refurbishment (note 14)	568,521	-	(568,521)	-
	Medical equipment	7,348	54,328	-	61,676
	Other equipment	7,449	14,222	(1,815)	19,856
	Funds for other specific items	3,376	46,933	-	50,309
		<hr/>	<hr/>	<hr/>	<hr/>
		586,694	115,483	(570,336)	131,841
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The medical equipment fund is funded by donations for specific equipment.

14 Transfer between fund

Given that funds donated over recent years for the refurbishment of the Day Hospice have now been fully spent, the balance of £568,521 has been transferred from restricted funds to unrestricted funds.

ST MICHAEL'S HOSPICE
(incorporating The Freda Pearce Foundation)

NOTES ON ACCOUNTS

31 March 2001

(continued)

15 Analysis of net assets between funds

	Fixed Assets £	Net Current Assets £	Total £
Restricted funds			
Medical equipment	13,245	48,431	61,676
Other equipment	7,096	12,760	19,856
Funds for other specific items	-	50,309	50,309
	<u>20,341</u>	<u>111,500</u>	<u>131,841</u>
Unrestricted funds	3,720,237	181,362	3,901,599
	<u>3,740,578</u>	<u>292,862</u>	<u>4,033,440</u>

16 Financial commitments

Financial commitments under non-cancellable operating leases for land and buildings will result in the following payments falling due in the next financial year.

	2001 £	2000 £
Expiring		
Between one and two years	19,140	22,095
Between two and five years	55,935	43,500
	<u>75,075</u>	<u>65,595</u>

17 Cash flow statement

a) Reconciliation of changes in resources to net cash inflow from operating activities

Changes in resources before revaluations	31,192	63,557
Depreciation	66,815	63,737
Interest received	(18,551)	(38,590)
Investment income	(57,553)	(51,612)
(Profit) on sale of fixed asset	(2,200)	-
Decrease/(increase) in stocks	2,021	(4,356)
(Increase)/decrease in debtors	(11,901)	8,664
Movement in current liabilities	5,548	52,204
Other non cash items - donated investments	-	(98,547)
	<u>15,371</u>	<u>(4,943)</u>

ST MICHAEL'S HOSPICE
(incorporating The Freda Pearce Foundation)

NOTES ON ACCOUNTS

31 March 2001

(continued)

17	Cash flow statement continued	2001	2000
		£	£
b)	Reconciliation of net cash flow to movement in net funds		
	Increase/(decrease) in cash in the year	51,422	(461,221)
	Cash outflow from decrease in debt	-	55,000
	Net funds acquired on merger	-	672,885
		<hr/>	<hr/>
	Net movement in funds in the year	51,422	266,664
	Net funds at 1 April 2000	331,509	64,845
		<hr/>	<hr/>
	Net funds at 31 March 2001	382,931	331,509
		<hr/> <hr/>	<hr/> <hr/>

c)	Analysis of changes in net funds	At	Cash	At
		1 April 2000	Flows	31 March 2001
		£	£	£
	Cash at bank and in hand	8,724	15,586	24,310
	Short term deposits	322,785	83,710	406,495
	Bank loans and overdrafts	-	(47,874)	(47,874)
		<hr/>	<hr/>	<hr/>
		331,509	51,422	382,931
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>